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DEPARTMENT FOR T, EUR/FO, EUR/CE, PM/FO, ISN/SNA

E.O. 12958: DECL: 08/22/2018

TAGS: [EZ](#) [MARR](#) [PGOV](#) [PREL](#)

SUBJECT: CZECH REPUBLIC: AMBASSADOR GRABER'S MEETING WITH
DEPUTY DEFENSE MINISTER BARTAK

REF: A. 18 AUGUST SADOWSKA/LINDEMANN E-MAIL

[B](#). PRAGUE 527

[C](#). STATE 78874

Classified By: Ambassador Richard Graber for reasons 1.4 B & D.

[1](#)1. (C) Summary: In an August 22 meeting with Czech Deputy Defense Minister Bartak, Ambassador delivered ref A talking points in response to the Czech Ministry of Defense's August 6 non-paper (ref B). Bartak said the GOCR accepts in principle U.S. proposals for tax exemptions in the SOFA. Bartak repeatedly pressed for U.S. funding for maintenance and training for the KC-130R aircraft we offered as part of a SOFA incentive package; the Ambassador reiterated that DoD is not authorized or funded to offer this. Bartak also requested USG funding for Czech Afghanistan deployment costs beyond 2009. The Ambassador stressed that we cannot guarantee this; however, it appears the Czechs may be satisfied with a DoD commitment to make best efforts to obtain such funding and seek NATO funding for a helicopter logistics base. The Ambassador noted the suggestion to decouple discussion of ref C incentives package from discussion of the SOFA, which comports with other information post received via MFA that the GOCR plans to decouple the two items. Bartak will likely seek to raise these matters with U/S Edelman via phone or during his trip to Washington in the first week in September. End Summary

SOFA Tax Exemptions for Contractors

[1](#)2. (C) Bartak said it is "clear we accept your tax proposal." He characterized outstanding tax issues as minor. The Ambassador asked about the statement in ref B that "the competent Czech authorities have not made as so far the decision to accept the U.S. text concerning taxation issues." Bartak explained that this simply means that the cabinet had not yet formally approved the SOFA text.

Funds for Czech Afghanistan Expenses

[1](#)3. (C) The Ambassador told Bartak that we could not commit to funding Czech Afghanistan deployment expenses past FY 2009, nor to funding construction of a helicopter logistics base. Such funding requires Congressional approval that we cannot guarantee. However, such requests would receive favorable consideration.

[1](#)4. (C) The Ambassador said that we are willing to push for NATO to build a helicopter logistics base in Afghanistan. Bartak appeared interested in this option. As he had done previously, Bartak asked for a commitment that DoD would make its best efforts to secure funding for out-year Czech deployment expenses.

Repeatedly Requests for Additional KC-130R Funding

¶5. (C) Bartak repeatedly asked the Ambassador for USG funding for maintenance and training for the two KC-130Rs, which we offered as part of the incentives package. Without such funding, he argued, accepting the planes would ruin us financially. (Note: The total cost is estimated at around \$40 million for the next two to five years. End note). He claimed accepting the planes would require the GOCR to assume training and maintenance costs that would outweigh the incentives package.

¶6. (C) The Ambassador said that DoD is not currently authorized or funded to offer this. The Ambassador also rejected Bartak's logic on economic benefits. The GOCR is getting a significant economic benefit from not having to buy the planes, but if the GOCR felt differently, it should decline the offer. Bartak said he would raise the matter with U/S Edelman.

Depicting Requests as Necessary for Support

¶7. (C) As he has in the past, Bartak characterized requests for enhanced incentives as necessary to garner domestic political support for the BMDA and SOFA. The Ambassador emphasized that the present incentives package provides significant benefits. The benefits far outweigh what the GOCR would lose in tax revenue from the proposed SOFA tax exemptions, and offsetting these losses was the original reason for offering the incentive package.

¶8. (C) Bartak said the Czech public would look more broadly at what the Czech Republic gains from hosting the radar facility. The Ambassador pointed out that this was far afield from the original logic behind the incentives package or the GOCR's negotiating strategy. As for broader benefits, the Ambassador pointed out that PM Topolánek clearly believes that the joint research and development and joint scientific cooperation flowing from the radar project would provide great long-term benefits.

¶9. (C) Bartak suggested that perhaps discussion of the incentives package could be split from discussion of the SOFA. The Ambassador replied that we would not object to that.

¶10. (C) Bartak said that increasing the number of Czechs in U.S. military academies and expediting the Reciprocal Defense Procurement (RDP) MOU would help the GOCR sell the radar proposal. Ambassador and DATT said these were doable. However, the Czechs may need to address several key issues in their current defense procurement procedures before we can conclude an RDP.

¶11. (C) Comment: Bartak was disappointed with our message. However, we believe the GOCR may be able to live with a DoD commitment to make best efforts to seek out-year funding for Czech Afghanistan deployment expenses; a request for a common NATO helicopter base; increased school slots; and expediting the RDP MOU. Post does not believe any other concessions are necessary. End Comment.
Graber